

Message Text

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ACTION L-03

INFO OCT-01 EUR-25 ISO-00 TRSE-00 EB-11 DODE-00 FS-01

CIAE-00 INR-11 NSAE-00 RSC-01 SAJ-01 DRC-01 /055 W

----- 120242

R 151252Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3797

INFO CINCUSAREUR HEIDELBERG

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CINCUSAREUR FOR DCSCOMPT, JA AND DCSPER

E.O. 11652: N/A

TAGS: MILI, EGEN, AFIN, GW

SUBJECT: US DEPENDENTS EMPLOYED BY MILITARY BANKING
FACILITIES

REFS: (A) BONN 9370

(B) CINCUSAREUR 181600Z JUN 74

(C) STATE 136736

DEPARTMENT PASS TREASURY FOR HABER (OGC) AND BAKER
(FOREIGN BANKING)

1. ON JULY 11, HABER AND BAKER OF TREASURY, COLS.
TOULME OF (DOD) AND MCMAHON OF USAREUR, AND SCHWENK
OF USAREUR JA, BRIEFED EMBASSY REPRESENTATIVES ON
CURRENT DOD AND TREASURY INTEREST IN CLARIFICATION,
PREFERABLY BY ADMINISTRATIVE AGREEMENT, OF NON-
APPLICATION OF FRG LABOR LAW TO EMPLOYMENT CONDITIONS
OF AMERICAN DEPENDENT EMPLOYEES (ADES) OF AMEXCO AND
CHASE MANHATTAN MILITARY BANKING FACILITIES (MBFS) IN
FRG. IN COURSE OF MEETING, IT WAS DEEMED ADVISABLE
TO PROFIT FROM PRESENCE OF HABER AND BAKER TO BRING
MATTER INFORMALLY TO ATTENTION OF FRG FOREIGN OFFICE
IN PERSON OF RUMPF (LEGAL SECTION).

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2. AT INFORMAL MEETING JULY 12, RUMPF, AFTER PRESENTATION RE WORLD-WIDE REVIEW OF MILITARY BANKING FACILITIES BY TREASURY AND DOD AND FOCUS ON SITUATION IN FRG, EXPRESSED PRELIMINARY AND INFORMAL PERSONAL VIEW THAT IT MIGHT PROVE POSSIBLE, IF OTHER MINISTRIES INVOLVED (FINANCE, LABOR AND ECONOMICS) PERCEIVE NO GREAT OBJECTION, TO CONCLUDE ADMINISTRATIVE AGREEMENT THAT WOULD EXPRESSLY PROVIDE FOR EMPLOYMENT OF ADES BY AMEXCO AND CHASE MANHATTAN. MBFS TO BE EXEMPT FROM REQUIREMENTS OF FRG LABOR LAW. RUMPF SUGGESTED THAT MATTER BE FORMALLY RAISED BY TRANSMISSION TO HIM OF MEMORANDUM SUMMARIZING POINTS MADE BY HABER AND BAKER, TOGETHER, PERHAPS, WITH SUGGESTIONS HOW MATTER MIGHT BE COUCHED IN AN ADMINISTRATIVE AGREEMENT. RUMPF EXPRESSED PRELIMINARY PERSONAL VIEW THAT FORMALLY RAISING THIS MATTER WOULD PROBABLY NOT JEOPARDIZE EXEMPTIONS PRESENTLY ENJOYED BY ADES OF NON-GERMAN NON-COMMERCIAL ORGANIZATIONS LISTED UNDER NATO SOFA SA ARTICLE 71.

3. HABER AND BAKER UNDERTOOK TO PREPARE MEMORANDUM FOR EVENTUAL SUBMISSION TO RUMPF WITH EMBASSY NOTE AND TO SUBMIT DRAFT OF SAME TO DEPARTMENT, DOD, AND EMBASSY FOR COMMENT, TOGETHER WITH ALTERNATIVE POSSIBLE APPROACHES FOR DEALING WITH THIS MATTER IN ADMINISTRATIVE AGREEMENT.

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4. COMMENT: EMBASSY IS ENCOURAGED BY INITIALLY FAVORABLE PERSONAL REACTION BY RUMPF. HOWEVER, IT MUST BE BORNE IN MIND THAT FOREIGN OFFICE AND OTHER MINISTRIES NAMED WILL SCRUTINIZE MATTER TO DETERMINE WHETHER PROPOSED ADMINISTRATIVE AGREEMENT WOULD CHANGE EXISTING LEGAL SITUATION BY ACCORDING ADDITIONAL EXEMPTION, WHETHER GRANTING SUCH EXPRESS EXEMPTION WILL HAVE EFFECT OF INCREASING HIRING OF ADES TO DISADVANTAGE OF AVAILABLE AND COMPETING GERMAN LABOR, AND WHETHER ADMINISTRATIVE AGREEMENT WOULD IN FACT CLARIFY EXEMPTION IN WAY THAT WOULD ACCOMPLISH BASIC US PURPOSE, I.E. MINIMIZE (A) LIKELIHOOD THAT US EMPLOYEES WITH WORKS COUNCIL SUPPORT WOULD TAKE AMEXCO AND CHASE MANHATTAN MBFS TO GERMAN LABOR COURT, AND (B) LIKELIHOOD IF MBFS ARE TAKEN TO COURT, THAT COURT COULD FIND THAT EMPLOYMENT OF ADES MUST CONFORM TO REQUIREMENTS OF GERMAN LABOR LAW. TREASURY REPRESENTATIVES ACKNOWLEDGED THAT THE SUBJECT FACILITIES WOULD NEED TO REVIEW AND, WHERE NECESSARY, CHANGE PRACTICES BY FURTHER EQUALIZING TOTAL REMUNERATION AND BENEFITS OF ADES IN THEIR CIRCUMSTANCES TO THOSE OF GERMAN EMPLOYEES IN THEIR SITUATION, AND PARTICULARLY, BY ASSURING THAT ESSENTIAL EQUALITY OF WORKING CONDITIONS AND BENEFITS WILL BE UNDERSTOOD TO EXIST

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BY ALL CONCERNED.

5. SUGGEST DEPARTMENT DETERMINE ON BASIS OF DRAFTS OF POSSIBLE AGREEMENTS SUBMITTED TO IT BY TREASURY WHAT INTERNAL PROCEDURES (CIRCULAR 175) MAY BE NECESSARY BEFORE EMBASSY CAN FORMALLY PROPOSE ADMINISTRATIVE AGREEMENT TO FRG FOREIGN OFFICE.

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